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FOR IMMEDIATE RELEASE

Tat Hong's 2QFY2015 Net Profit Rises 40% to S$11.5 million

- *Net profit for 1HFY2015 rose 6% to S$17.4 million*
- *Interim dividend of 0.5 Singapore cent per share to be paid on 9 December 2014*

(S$'000) *For the 3/6 months ended 30 September*	**2QFY2015**	**2QFY2014**	**% Change**	**1HFY2015**	**1HFY2014**	**% Change**
Revenue	**152.8**	185.3	-18	**317.0**	360.8	-12
Gross profit	**56.3**	68.1	-17	**116.1**	132.0	-12
Profit before tax	**16.5**	13.7	+20	**26.7**	26.0	+3
Net profit attributable to shareholders	**11.5**	8.2	+40	**17.4**	16.5	+6

SINGAPORE, 14 November 2014 – Tat Hong Holdings Ltd ("**Tat Hong**" or "**the Group**"), Asia-Pacific's largest crane rental company and the world's top crane company in terms of the number of crawler cranes owned[1], today reported a 40% increase in its net profit to S$11.5 million for the quarter ended 30 September 2014 ("2QFY2015").

Revenue for the quarter under review recorded an 18% decline to S$152.8 million compared with the same quarter a year ago ("2QFY2014") as all divisions except the Tower Crane Rental division reported lower revenues. Gross profit for the period fell 17% to S$56.3 as a result of lower revenue and an increase of S$5.2 million in the provision for stock obsolescence. Despite this, the Group's gross profit margin remained stable at 36.8% in 2QFY2015 due to a higher proportion of gross profit contribution from the Crane Rental division, which yielded the highest gross profit margin amongst all the divisions.

[1] Source: International Cranes, IC50 Ranking, June 2014.

For the quarter under review, the Group recorded S$10.1 million in other income compared with S$2.9 million in 2QFY2014. The increase in other income arose primarily from gains realised from the divestment of Hup Hin Transport and from the disposal of property, plant and equipment.

Total operating expenses decreased 11% to S$46.5 million in 2QFY2015 primarily from a net foreign exchange gain of S$4.6 million in 2QFY2015 compared with S$5.3 million loss in the corresponding period a year ago. This, however, was partially eroded by an increase in staff costs of S$1.6 million, higher depreciation and amortisation charges of S$0.5 million, higher office expense of S$0.4 million and an increase of S$1.2 million in the provision for doubtful debts (S$0.4 million provision in 2QFY2015 compared with a write-back of S$0.8 million in the corresponding quarter a year ago).

The Group's share of profits from various associate companies increased by 146% to S$2.8 million whilst its share of profits from the joint venture in Papua New Guinea fell 90% to S$0.04 million following the completion of a major project.

Total net profit attributable to shareholders for the second quarter ended 30 September 2014 was S$11.5 million representing an increase of 40% over the same quarter a year ago.

The Group's earnings per share was 1.78 Singapore cents for 2QFY2015. As at 30 September 2014, net tangible asset and net asset value per ordinary share was S$0.99 and S$1.05 respectively. Cash and cash equivalents stood at S$46.7 million as a result of net cash outflow of S$16.2 million during the quarter from the repayment of term loans, trust receipts, hire purchase and interest payments as well as asset purchases.

On the Group's performance in 2QFY2015, Mr Roland Ng, Tat Hong's Managing Director and Group CEO, said, "Whilst the Group benefited from disposal and foreign exchange gains, these were partially negated as we also took the prudent step of providing for stock obsolescence and inventory write-downs for our Distribution business which is not performing well. Going forward, we expect crane rental and tower crane rental to account for an increasingly larger share of the Group's earnings."

He added, "We are happy that our Tower Crane Rental division continued its growth momentum in the second quarter, propelled by strong demand in China. Nearer home, our regional crane rental operations continued to be healthy though marked by pockets of weakness especially in Singapore

due to the slowing construction and oil and gas sectors and reduced demand from some overseas markets such as Papua New Guinea. Australia is also showing tentative signs of improvement though some weakness, especially in the General Equipment Rental market, still persists."

SEGMENTAL REVIEW

Revenue Breakdown (S$'000)	2QFY2015	2QFY2014	% Change	1HFY2015	1HFY2014	% Change
Crane Rental	**64.2**	70.3	-9	**130.5**	139.1	-6
Tower Crane Rental	**24.5**	22.6	+9	**49.0**	42.7	+15
General Equipment Rental	**15.3**	17.4	-12	**31.7**	38.0	-17
Distribution	**48.7**	75.0	-35	**105.8**	141.0	-25
Total	**152.8**	185.3	-18	**317.0**	360.8	-12

Crane Rental

The Crane Division posted a 9% decline in revenue to S$64.2 million in 2QFY2015. The decline in revenue was primarily the result of the completion of projects and the slowdown in the construction and the oil and gas sectors in Singapore, lower demand from overseas markets such as Papua New Guinea as well as the disposal of one of the Group's subsidiaries, Hup Hin Transport. Some of the revenue shortfall was covered by better performance from Malaysia from its participation in new and higher value infrastructure projects such as the development of the Sabah Ammonia and Urea Plant, Tanjong Bin 4 Power Plant, Connaught Bridge Power Plant and the fabrication of structures and components for Wheatstone LNG project.

Stable revenue contribution was recorded from Hong Kong, Thailand and Australia. In Hong Kong, the Group continued to supply cranes for the construction of major infrastructure projects such as the Hong Kong-Macau-Zhuhai Bridge, the XRL West Kowloon Terminus Station, Shatin-Central MTR Link and Wanchai By-pass. In Thailand, the continued deployment of the Group's cranes on infrastructure and oil and gas projects such as the BTS (Bangkok Mass Transit System) Red, Blue and Green Lines, Ichthys EPC project, PTT Pipeline and the Mae Moh Power Plant provided stability to earnings. Continued participation in LNG projects such as the Gorgon, Wheatstone and Ichthys projects in Australia earned revenues comparable to those in the corresponding quarter a year ago.

Tower Crane Rental

Revenue from the Tower Crane Rental division recorded a 9% increase in 2QFY2015 over the same period last year to reach S$24.5 million. The division continued to benefit from healthy demand for its tower cranes from power generation, infrastructure and large commercial building projects. As a result, utilisation rate improved to 80.1% as at 30 September 2014 compared with 76.2% a year ago, despite operating a larger fleet size of 933 tower cranes against 862 units in September 2013.

General Equipment Rental

The General Equipment Rental division faced lower public spending compounded by overall competitive market conditions in Australia. As a result, revenue declined 12% to S$15.3 million in 2QFY2015.

Distribution

The Distribution division saw weakness in all its major markets which led to a 35% decline in revenue to S$48.7 million in the current quarter compared with S$75.0 million in 2QFY2014. Excavator sales continued to decline in Indonesia due to poor market sentiments whilst in Australia, equipment sales were impacted by the slowdown in the general economy. In Singapore, weak demand and increased competition resulted in a decline in equipment sales and sales to overseas markets such as Papua New Guinea, Europe and Malaysia also weakened.

INTERIM DIVIDEND

An interim dividend of 0.5 Singapore cent per ordinary share and per convertible redeemable preference share will be paid on 9 December 2014. The books closure date for the determination of the shareholders' entitlements to the dividend is 1 December 2014 at 5.00 pm.

BUSINESS PROSPECTS

Demand continues to be relatively robust in the region for the Crane Rental division, however, weakness in the Singapore market, together with no further contribution from Hup Hin Transport, will impact overall performance from this division.

The Tower Crane Rental division is expected to maintain its growth momentum in FY2015 with its strong base of on-going projects and new opportunities in the building, infrastructure, transport and power generation sectors in the People's Republic of China.

The General Equipment Rental division is expected to remain stable in view of the anticipated recovery in activity levels in the Australian construction sector.

Trading conditions for the Distribution division is expected to continue to be challenging in the medium term due to the sluggish Australian economy, coupled with generally weak demand for heavy equipment in the region.

Given that the economic and sector outlooks of the Group's key markets still remain challenging, the Group expects, barring unforeseen circumstances, stable performance for the remainder of FY2015.

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About Tat Hong Holdings Ltd

Tat Hong Holdings Ltd was established in Singapore in the 1970s as a supplier of cranes and heavy equipment. The company was listed on the Singapore Stock Exchange in June 2000 and is today the largest crane rental company in the Asia-Pacific region[1] with a fleet size of more than 1,500 crawler, mobile and tower cranes ranging from under 50 tonnes to 1,600 tonnes.

In Asia, Tat Hong has successfully leveraged its extensive crane fleet and vast experience in providing lifting solutions to establish itself as the leading name in the crane rental, heavy lift, heavy haulage and equipment sales business.

Through its wholly-owned Australian subsidiary, Tutt Bryant Group Limited, Tat Hong has a leading position in the Australian market in the areas of crane hire and heavy haulage, equipment sales and distribution and general plant and equipment hire.

Tat Hong has also aggressively expanded its tower crane rental business in China and is the second largest tower crane company in the country[2].

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Source: [1]International Cranes, IC50 Ranking, June 2014
[2]Cranes Today, Fleet File Rankings 2013